

DRAINAGE DISTRICT NO. 6
Snohomish County, Washington
January 1, 1991 Through December 31, 1993

Schedule Of Findings

1. District Officials Should Deposit Receipts Promptly

District officials failed to deposit federal financial assistance receipts on a timely basis as required by state law. Payments for federal assistance in the amounts of \$100,000 and \$37,151 were issued for the district in December 1991 and September 1992, however, the funds were not deposited with the district's treasurer until September and December 1992, respectively. The district had interest bearing registered warrants outstanding during this time period that could have been redeemed earlier had the funds been deposited. As a result, the district incurred approximately \$5,000 in unnecessary interest expense on the interest bearing registered warrants.

The Washington State Constitution, Article XI, Section 15 states:

DEPOSIT OF PUBLIC FUNDS. All moneys, assessments and taxes belonging to or collected for the use of any county, city, town or other public or municipal corporation, coming into the hands of any officer thereof, shall immediately be deposited with the treasurer, or other legal depository to the credit of such city, town, or other corporation respectively, for the benefit of the funds to which they belong.

Additionally, RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours.

We recommend that district officials deposit receipts with the treasurer on a timely basis as required by law.

DRAINAGE DISTRICT NO. 6
Snohomish County, Washington
January 1, 1991 Through December 31, 1993

Schedule Of Federal Findings

1. District Officials Should Improve Accounting For Grants

Accounting records at Drainage District No. 6 do not comply with federal grant requirements. Revenues and expenditures resulting from federal assistance programs are not identified in the accounting records. The transactions are combined with nonfederal transactions.

The "Common Rule" for *Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments*: Federal Agency Implementation of "Common Rule," Subpart C. Section 20 (b)(2) states in part:

Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

OMB Circular A-128, *Audits of State And Local Governments*, Paragraph 8. b.(1) states in part:

. . . State and local governments shall identify in their accounts all Federal funds received and expended and the programs under which they were received

The accounting records of the district are maintained by Snohomish County. The district is not in compliance with the accounting requirements discussed in the paragraphs above because it has not established a separate fund or account numbers for its federal assistance programs accounted for by the county.

We recommend that district officials correct and improve accounting for federal grants. We specifically recommend that officials have the county record grant financial transactions in separate funds or accounts in compliance with federal requirements.